

Colorado Businessman Urges Congressional Panel to Monitor New Regulatory Bureau

(WASHINGTON) – Congressman Mike Coffman (R-CO), chairman of the Investigations, Oversight, and Regulations Subcommittee for the Small Business Committee of the U.S. House of Representatives, presided over a hearing today to examine what effect new financial regulations will have on small businesses.

Coffman called the hearing to scrutinize the new Consumer Financial Protection Bureau (CFPB), created by the Dodd-Frank Wall Street Reform and Consumer Protection Act. Major concerns have been raised regarding the powers of this new agency to issue and institute new rules free of congressional oversight.

“What we need to do is create a vibrant marketplace. Creating onerous rules and regulations on an industry is not the answer and is likely to have an adverse effect by driving many providers out of the marketplace,” Coffman said. “A banking relationship is a partnership. A bank that abuses its customers might make money in the short term, but they will not be in business very long.”

Congress passed the Dodd-Frank Act last year in response to the financial crisis which, according to the Department of the Treasury, was caused in part by “pervasive failures in consumer protection.” An independent bureau within the Federal Reserve, the CFPB was established under Dodd-Frank to enforce federal consumer protection laws concerning mortgages, credit cards, debt collection and loan servicing, among others.

Terry Jones, a Castle Rock resident, traveled to Washington to testify before the committee today. Jones, representing the Colorado Mortgage Lenders Association, said his group was concerned that new rules issued by the CFPB could adversely affect small businesses.

“We respectfully urge Congress and this subcommittee to carefully monitor all these new rules to make certain that they do not unwittingly harm American families, small business, the housing and mortgage market or the nation’s economic recovery,” Jones said.

Jones pointed out that over 75 percent of the Colorado Mortgage Lenders Association’s members are small businesses that employ less than 25 people. According to the U.S.

Chamber of Commerce, 26.7 million businesses in the country count on home equity loans, credit cards, and other sources of consumer lending to obtain seed capital to start their companies, to provide working capital and to manage monthly cash flows. A study by the Chamber in 2009 found that new rules tightening consumer lending would likely reduce these important sources of credit to small businesses.

“Small businesses all over the country and certainly in Colorado are one of the prime sources of new jobs and new opportunities in their communities,” Jones said. “Small business is a dynamic engine for economic growth.”

“No matter how well intentioned these rules may be, they must not be allowed to harm the very consumer they set out to protect or jeopardize the housing recovery or the nation’s economic recovery,” Jones said.

“The CFPB is the product of a rushed response to the 2008 Wall Street crisis and even though small businesses and community banks didn’t cause the crisis, they are the ones who may be negatively impacted,” Coffman said. “The creation of a new agency with such broad regulatory authority creates uncertainty, which often plays a role in preventing businesses from growing their company and creating jobs. With record high unemployment, we must do more to bring relief to our most robust job creators -- small businesses.”

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